

The slide features a light gray background with a subtle radial gradient. It is decorated with several realistic water droplets of varying sizes, primarily located in the top-left, top-right, and bottom-right corners. The central text is in a bold, black, sans-serif font.

Top Financial Audit Findings FYE 14/15

We noted three instances where **receipts were not deposited on a timely basis**. The days between receipt and bank deposit range from six days to eighteen days in these instances. **This is not in compliance with Redbook guidelines**. Redbook guidelines were not followed. Redbook guidelines require timely deposits to maximize proper cash management procedures and reduce the threat of misappropriation of assets. We recommend following Redbook guidelines and depositing all receipts in a timely manner.

During the audit, we noted that **in several activity funds, there were no purchase orders completed for some expenditures. The Accounting Procedures for School Activity Funds (Red Book) states that all expenditures must be accompanied by an approved purchase order prior to payment.** Oversight by district employees caused the violation of the requirement. Reinforce education to all school personnel about the policy and monitor that it is enforced.

Test of Disbursements disclosed ten (10) out of seventy-four (74) tested had **purchase order dates after the invoice date. Staff should be reminded that purchase orders should be approved prior to committing District funds.**

Ticket Sale Forms are not being completed correctly. Of the two forms tested, one (1) did not have any signatures, the other only had the signature of the person in charge at the time of receiving the start up money and the School Treasurer's signature. The start up money was not recorded on either form. The ticket seller did not initial either form. Since a ticket taker did not sign the form, could not tell if there was a second person taking up tickets. One of the forms did not complete the section recording the checks, currency, and coins. One form did not complete the section of Total Sales, Over/Short. That form did not deposit the same amount as shown on the form. **The school treasurer should check the form for completion before accepting the form.**

According to the Redbook, the Fundraiser Approval Form shall be completed before the fundraiser begins. The form was not completed for the two fundraisers tested. In addition, **fundraisers where items are sold, require the use of the Fundraiser Worksheet** Form which is used to recap the profitability of a fundraiser. This form was not completed for the two fundraisers tested. **The Principal should remind all staff of the process for fundraisers.**

KRS 65.944 requires School Districts to have all leases in excess of \$100,000 reviewed and approved by the Commissioner of Education. The District entered into a lease purchase with Dell Financial Services for \$549,971; however, there is no evidence of approval by the Commissioner of Education.

We noted that **the high school has two separate checking accounts for the activity fund. There is one checking account for the athletic activity and a second account for all other activity.** Redbook states "Each school shall have one interest earning checking account at a board approved bank and one school treasurer for all school activity accounts, which will be designated as the school activity fund bank account." All individual schools should properly follow the criteria set forth by the Redbook. Failure to properly follow Redbook criteria. We recommend that the high school combine the two separate accounts into one account in order to properly follow Redbook criteria.

We noted that checks 19897 and 19898 only contained one authorized signature on the check. Both checks were for referee services. Checks should contain dual signatures. Failure to properly follow internal controls established by the District. We recommend that all checks contain the required dual signatures.

We noted that check number 20123 to purchase an iPad Mini was charged to account 0120 - Certified Substitute Salaries when it should have been charged to 0650 - Supplies Technology Related. All disbursements should be charged to the correct account. The Finance Director stated that at the time this item was input, the only two accounts set up for the project were salaries and travel. He did not realize how easy it was to add a new account so he charged the items to salaries. The incorrect account was charged which could impact District budgeting. We recommend that more care be taken to ensure that disbursements are charged to the correct accounts.

It appears **individuals are approving their own credit card disbursements for payment.** The individual whose name is on the card is approving the statements for payment or there is no approval at all. There was breakdown in internal controls over credit card disbursements. Approval for payment serves as an internal control for management to ensure that disbursements are made for approved purchases. **Weakness in this internal control could serve as a way to misappropriate funds.** The department heads should be approving purchases made by employees in their department. The Superintendent should be approving purchases made by the department heads. The board should be approving purchases by the Superintendent. **An individual should not be approving their own credit card statements.** Approval can be noted by initialing the statement.

Supporting documentation could not be located for four out of thirty **disbursements** selected for testing. **For each purchase, there should be documentation to support the authorization for purchase, the purchase order, the canceled invoice, the approval for payment, and the canceled check stub.**

There was a breakdown in internal controls over purchase documentation. It is not known if the documentation was ever obtained or if it was misplaced.

Supporting documentation serves as an internal control for the appropriate use of activity funds for allowed expenditures. It provides support for the existence and the approval of the payments made. Weakness in this internal control could serve as a way to misappropriate funds. The treasurer should make sure all supporting documentation exists and the appropriate approvals are obtained prior to making a payment. **All documentation should be filed together in a specific manner whether by vendor, check number, etc.**

Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for expenditures. Travel reimbursements were paid with no students on the trip, substitute teachers were paid, and 21st century expenditures were paid out of activity funds. Unallowable expenditures were paid out of school activity funds. Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved. We recommend that the detail of vendor invoices be reviewed before being paid.

Misuse of the school credit card was noted. Late fees and over limit fees were paid on the school credit card on multiple occasions. Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved. We recommend that the **credit card charges be monitored more carefully and balances paid on or before the due date to avoid excess fees.**

Gift cards were purchased through the activity account. Purchase of gift cards is not allowed.